



NEWS RELEASE

PERPETUAL ENERGY INC. REPORTS THIRD QUARTER 2022 FINANCIAL AND OPERATING RESULTS AND CONFIRMS 2022 GUIDANCE

Calgary, Alberta – November 7, 2022 (TSX:PMT) – Perpetual Energy Inc. (“Perpetual”, or the “Company”) is pleased to release its third quarter 2022 financial and operating results and reconfirm its 2022 guidance. Select financial and operational information is outlined below, and should be read in conjunction with Perpetual’s unaudited condensed interim consolidated financial statements and related Management’s Discussion and Analysis (“MD&A”) for the three and nine months ended September 30, 2022, which are available through the Company’s website at www.perpetualenergyinc.com and SEDAR at www.sedar.com.

This news release contains certain specified financial measures that are not recognized by GAAP and used by management to evaluate the performance of the Company and its business. Since certain specified financial measures may not have a standardized meaning, securities regulations require that specified financial measures are clearly defined, qualified and, where required, reconciled with their nearest GAAP measure. See “Non GAAP and Other Financial Measures” in this news release and in the MD&A for further information on the definition, calculation and reconciliation of these measures. This news release also contains forward-looking information. See “Forward-Looking Information”. Readers are also referred to the other information under the “Advisories” section in this news release for additional information.

THIRD QUARTER 2022 HIGHLIGHTS

- Third quarter average production was 5,882 boe/d, up 21% from the comparative period of 2021 (Q3 2021 – 4,876 boe/d; Q2 2022 – 6,123 boe/d) due to the continued success of core area capital programs. At East Edson, four (2.0 net) wells were drilled and placed on production in the fourth quarter of 2021 and seven (3.5 net) wells were added in the third quarter of 2022. At Mannville, two (2.0 net) horizontal multi-lateral heavy oil wells were drilled and placed on production late in the first quarter of 2022 and three (3.0 net) new horizontal, multi-lateral heavy oil wells were added in the third quarter of 2022. Third quarter production declined 4% from the second quarter of 2022 due to natural declines. Five (2.5 net) of the seven (3.5 net) wells drilled at East Edson commenced production during the fourth quarter and the three (3.0 net) heavy oil wells drilled at Mannville recovered oil-based mud (“OBM”) load fluid prior to recording volumes to sales later in the third quarter. Current production is in excess of 7,000 boe/d based on field estimates for October 2022. Third quarter oil and NGL production represented 24% of production.
- Approximately \$22.6 million was invested in capital expenditures⁽¹⁾, excluding acquisition or disposition expenditures, during the third quarter of 2022. This was attributable to the East Edson drilling program, where six (3.0 net) wells were drilled and seven (3.5 net) were completed, equipped, tied in and placed on production, and the Mannville drilling program, where three (3.0 net) horizontal, multi-lateral wells were drilled and placed on production, targeting heavy oil in the Sparky formation.
 - At Perpetual’s 50% working interest East Edson property, \$14.1 million in capital expenditures⁽¹⁾ was spent during the quarter (\$17.7 million year to date) to execute the seven (3.5 net) well drilling program. Six (3.0 net) wells targeting the Wilrich formation are on production and early time data indicates that on average they are expected to perform in accordance with Perpetual’s type curve⁽²⁾, bringing production to a level sufficient to fill the East Edson gas processing infrastructure to maximize natural gas and NGL sales through the upcoming winter.
 - At Mannville, \$8.5 million in capital was spent during the quarter (\$14.1 million year to date). Three multi-lateral wells targeting the Sparky formation were drilled during the third quarter following up encouraging results from the first quarter drilling program aimed at evaluating the applicability of Clearwater-style multi-lateral drilling technology to the Sparky reservoir. The three (3.0 net) wells drilled during the third quarter reached full recovery of their OBM load fluid in mid-July to late August and were turned over to production operations. All three wells have now reached the end of their initial 30-day production periods, recording IP30 rates of 384 bbl/d, 145 bbl/d and 79 bbl/d as compared to the Mannville Sparky type curve⁽²⁾ IP30 of 50 bbl/d based on year end PUD and PPUD bookings.
- Oil and natural gas revenue for the third quarter of 2022 was \$22.9 million, 57% higher than revenue in the comparative period of 2021 due to significantly higher reference prices for all products and the 21% increase in production. Third quarter revenue declined 31% from the second quarter of 2022, as production decreased 4% and realized prices for all products declined 30%. Realized prices after gains on risk management contracts and sales obligations decreased 2%. During the period there were \$2.1 million of realized gains on risk management contracts, which included a \$3.5 million gain on the modification of market diversification contracts and a \$1.4 million realized loss on financial risk management contracts.

- Adjusted funds flow⁽¹⁾ in the third quarter of 2022 was \$9.6 million (\$0.15/share), up \$7.4 million (336%) from the prior year period of \$2.2 million (\$0.03/share). Adjusted funds flow on a unit-of-production basis was \$17.82/boe in the third quarter of 2022, an increase from the prior year period of \$4.85/boe, driven by the increase in commodity prices and cost efficiencies related to higher production volumes. Adjusted funds flow recorded for the first nine months of 2022 was \$34.3 million (\$0.52 per share), up 390% from \$7.0 million (\$0.11/share) for the same period in 2021.
- Net cash flows from operating activities in the third quarter of 2022 were \$8.7 million, up \$2.1 million (30%) from the prior year period (Q3 2021 – \$6.7 million). The increase was due to higher realized prices for all products and the 21% increase in production, partially offset by higher cash costs due to higher royalties and cash interest payments. Cash finance expense was 25% higher than the prior year period as the 2025 Senior Note interest was paid in cash in 2022 relative to 2021 when Perpetual elected to pay the interest in-kind and add to the principal amount owing.
- Net income for the third quarter of 2022 was \$8.2 million (Q3 2021 – \$51.1 million). Net income in the third quarter of 2022 was driven by the \$8.6 unrealized gain on risk management contracts. Net income in the third quarter of 2021 was positively impacted by a gain on disposition of the Clearwater Assets of \$47.9 million.
- Cash costs⁽¹⁾ were \$14.8 million or \$27.39/boe in the third quarter of 2022, up 57% (30% on a unit-of-production basis) from the prior year period (Q3 2021 – \$9.4 million or \$21.01/boe). The increase was due to the impact of higher production, increased royalties on higher prices and higher cash interest payments. Efficiencies were realized on a unit-of-production basis as operating costs at East Edson decreased 23% to \$4.41/boe from \$5.73/boe in the comparative period.
- As at September 30, 2022, net debt⁽¹⁾ was \$66.1 million, an increase of 12% from December 31, 2021, as capital expenditures exceeded adjusted funds flow during the first nine months of 2022. As compared to the second quarter of 2022, net debt increased 40%, attributable to the \$22.6 million invested in capital expenditures during the third quarter. The majority of Perpetual's planned 2022 capital spending at East Edson and Mannville was executed during the third quarter, with production additions gradually contributing to sales volumes by late September. By December 31, 2022, forecast free funds flows related to increased sales volumes combined with limited additional capital spending during the fourth quarter is expected to bring net debt down to a similar level as experienced during the first half of 2022.
- Perpetual had available liquidity⁽¹⁾ at September 30, 2022 of \$21.8 million, comprised of the \$30.0 million borrowing limit of Perpetual's first lien credit facility ("Credit Facility Borrowing Limit") Credit Facility Borrowing Limit, less current borrowings and letters of credit of \$7.0 million and \$1.2 million, respectively.

⁽¹⁾ Non-GAAP measure, capital measure, Non-GAAP ratio or supplementary financial measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this news release.

⁽²⁾ Type curve assumptions are based on the Total Proved plus Probable Undeveloped reserves contained in the McDaniel Reserve Report as disclosed in the Company's Annual Information Form which is available under the Company's profile on SEDAR at www.sedar.com. "McDaniel" means McDaniel & Associates Consultants Ltd. independent qualified reserves evaluators. "McDaniel Reserve Report" means the independent engineering evaluation of the crude oil, natural gas and NGL reserves, prepared by McDaniel with an effective date of December 31 2021 and a preparation date of March 10 2022.

2022 OUTLOOK

Perpetual continues to forecast exploration and development capital expenditures⁽¹⁾ of \$31 – \$33 million for full year 2022, relative to previous guidance released on August 3, 2022 of \$29 - \$32 million, to be fully funded from the Company's credit facility and adjusted funds flow⁽¹⁾. With the East Edson and Mannville 2022 drilling programs fully executed, nominal capital spending is forecast for the fourth quarter.

The table below summarizes forecasted capital expenditures⁽¹⁾ and drilling activities for Perpetual for the remainder of 2022:

	Q1 - Q3 2022	# of wells	Q4 2022	# of wells	2022	# of wells
	(\$ millions)	(gross/net)	(\$ millions)	(gross/net)	(\$ millions)	(gross/net)
West Central ⁽¹⁾	\$17.7	7 / 3.5	\$0.5 - \$1.0	0 / 0.0	\$18	7 / 3.5
Eastern Alberta	\$14.1	5 / 5.0	(\$0.2)	0 / 0.0	\$14	5 / 5.0
Total⁽³⁾	\$31.8	12 / 8.5	\$0.3 - \$0.8	0 / 0.0	\$32	12 / 8.5

⁽¹⁾ Oil-based mud load fluid recovered is credited to capital upon recovery and sales.

⁽²⁾ Excludes abandonment and reclamation spending and acquisitions or land expenditures, if any.

Total Company average production for the third quarter of 2022 was 5,882 boe/d (24% oil and NGL) and average production volumes are forecast to exceed 7,000 boe/d during the fourth quarter of 2022 as the seven (3.5 net) new wells come on production at East Edson and the three (3.0 net) wells at Mannville contribute to heavy oil production volumes. Full year average production is on track to grow approximately 25% from 2021 levels in accordance with guidance on August 3, 2022, of 6,500 to 6,750 boe/d. Cash costs⁽¹⁾ are expected to average between \$20.00 and \$22.00 per boe for the calendar year, unchanged from previous guidance of \$20.00 to \$22.00 per boe.

2022 Guidance assumptions are as follows:

	2022 Guidance
Exploration and development capital expenditures ⁽¹⁾ (<i>\$ millions</i>)	\$31 - \$33
Cash costs ⁽¹⁾ (<i>\$/boe</i>)	\$20.00 - \$22.00
Average daily production (<i>boe/d</i>)	6,500 - 6,750
Production mix (%)	20% oil and NGL

⁽¹⁾ Non-GAAP measure, capital management measure, Non-GAAP ratio or supplementary financial measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this news release.

Perpetual continues its Environmental, Social, and Corporate Governance ("ESG") focus, with total abandonment and reclamation expenditures through to the end of the third quarter of \$1.1 million and up to an additional \$0.9 million of spending on Asset Retirement Obligations ("ARO") is planned in the fourth quarter of 2022. Of the total \$2.0 million of spending to manage ARO in 2022, an estimated \$0.4 million is expected to be funded through Alberta's Site Rehabilitation Program ("SRP"). The remaining \$1.6 million will exceed the Company's annual area-based closure spending requirements of \$0.9 million.

Perpetual's Board of Directors approved a capital budget of \$29 - 32 million for 2023, including \$5 to 7 million to be spent in the first quarter for pipeline infrastructure and to drill two (1.0 net) wells at East Edson. The remainder of the 2023 capital program is expected to be spent in the third quarter of 2023 and focus primarily at East Edson to drill to fill the infrastructure capacity and at Mannville to pursue additional multi-lateral drilling opportunities.

Financial and Operating Highlights (\$Cdn thousands except volume and per share amounts)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2022	2021	Change	2022	2021	Change
Financial						
Oil and natural gas revenue	22,856	14,603	57 %	81,108	39,366	106 %
Net income (loss)	8,234	51,141	(84)%	19,866	75,452	(74)%
Per share – basic ⁽²⁾	0.13	0.80	(84)%	0.31	1.20	(74)%
Per share – diluted ⁽²⁾	0.11	0.72	(85)%	0.27	1.08	(75)%
Cash flow from operating activities	8,749	6,655	31 %	26,592	11,192	138 %
Adjusted funds flow ⁽¹⁾	9,642	2,174	344 %	34,264	7,020	388 %
Per share ⁽³⁾	0.15	0.03	388 %	0.52	0.11	373 %
Total assets	203,431	217,665	(7)%	203,431	217,665	(7)%
Revolving bank debt	6,974	13,183	(47)%	6,974	13,183	(47)%
Term loan, principal amount	2,671	2,671	— %	2,671	2,671	— %
Other liability (undiscounted)	3,342	—	100 %	3,342	—	100 %
Senior Notes, principal amount	35,647	36,583	(3)%	35,647	36,583	(3)%
Adjusted working capital (surplus) deficiency ⁽¹⁾	17,509	3,914	347 %	17,509	3,914	347 %
Net debt ⁽¹⁾	66,143	56,351	17 %	66,143	56,351	17 %
Capital expenditures						
Exploration and development ⁽¹⁾	22,596	9,947	127 %	31,794	11,504	176 %
Net payments on acquisitions and dispositions	—	—	100 %	—	423	(100)%
Net capital expenditures	22,596	9,947	127 %	31,794	11,927	167 %
Common shares outstanding						
End of period	65,923	63,892	3 %	65,923	63,892	3 %
Weighted average – basic	65,016	63,801	2 %	63,964	62,668	2 %
Weighted average – diluted	74,607	71,227	5 %	74,741	69,955	7 %
Operating						
Daily average production						
Conventional natural gas (MMcf/d)	26.9	21.6	25 %	30.4	22.2	37 %
Heavy crude oil (bbl/d)	1,002	972	3 %	821	1,047	(22)%
NGL (bbl/d)	390	300	30 %	385	309	25 %
Total (boe/d) ⁽⁵⁾	5,882	4,876	21 %	6,267	5,061	24 %
Average realized prices						
Realized natural gas price (\$/Mcf) ⁽¹⁾	4.74	3.50	35 %	5.94	3.15	89 %
Realized oil price (\$/bbl) ⁽¹⁾	87.24	65.22	34 %	98.95	53.56	85 %
Realized NGL price (\$/bbl) ⁽¹⁾	85.48	65.40	31 %	92.37	58.77	57 %
Wells drilled – gross (net)						
Conventional natural gas	6 (3.0)	3 (1.5)		7 (3.5)	5 (2.5)	
Heavy crude oil	3 (3.0)	- (-)		5 (5.0)	- (-)	
Total	9 (6.0)	3 (1.5)	200 %	12 (8.5)	5 (2.5)	140 %

(1) Non-GAAP measure, capital management measure, Non-GAAP ratio or supplementary financial measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to the section entitled “Non-GAAP and Other Financial Measures” contained within this news release.

(2) Based on weighted average basic common shares outstanding for the period.

(3) Adjusted funds flows divided by the Company's shares outstanding.

(4) Shares outstanding are net of shares held in trust (Q3 2022 – 1.1 million; Q3 2021 – 0.2 million).

(5) Please refer to “Advisories – Volume conversions” below.

About Perpetual

Perpetual is an oil and natural gas exploration, production and marketing company headquartered in Calgary, Alberta. Perpetual owns a diversified asset portfolio, including liquids-rich conventional natural gas assets in the deep basin of West Central Alberta, heavy crude oil and shallow conventional natural gas in Eastern Alberta and undeveloped bitumen leases in Northern Alberta. Additional information on Perpetual can be accessed at www.sedar.com or from the Company's website at www.perpetualenergyinc.com.

The Toronto Stock Exchange has neither approved nor disapproved the information contained herein.

For additional information please contact:

Perpetual Energy Inc.
Suite 3200, 605 – 5 Avenue SW Calgary, Alberta, Canada T2P 3H5
Telephone: 403 269-4400 Fax: 403 269-4444 Email: info@perpetualenergyinc.com

Susan L. Riddell Rose President and Chief Executive Officer
Ryan A. Shay Vice President Finance and Chief Financial Officer

ADVISORIES

VOLUME CONVERSIONS

Barrel of oil equivalent ("boe") may be misleading, particularly if used in isolation. In accordance with NI 51-101, a conversion ratio for conventional natural gas of 6 Mcf:1 bbl has been used, which is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, utilizing a conversion on a 6 Mcf:1 bbl basis may be misleading as an indicator of value as the value ratio between conventional natural gas and heavy crude oil, based on the current prices of natural gas and crude oil, differ significantly from the energy equivalency of 6 Mcf:1 bbl. A conversion ratio of 1 bbl of heavy crude oil to 1 bbl of NGL has also been used throughout this news release.

ABBREVIATIONS

The following abbreviations used in this news release have the meanings set forth below:

bbl	barrels
bbl/d	barrels per day
boe	barrels of oil equivalent
Mmboe	million barrels of oil equivalent
Mcf	thousand cubic feet
MMcf	million cubic feet
PUD	proved undeveloped reserves
PPUD	proved and probable undeveloped reserves

INITIAL PRODUCTION RATES

Any references in this news release to initial production rates are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter and are not necessarily indicative of long-term performance or ultimate recovery. Readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company. Such rates are based on field estimates and may be based on limited data available at this time.

NON-GAAP AND OTHER FINANCIAL MEASURES

Throughout this news release and in other materials disclosed by the Company, Perpetual uses certain measures to analyze financial performance, financial position and cash flow. These non-GAAP and other financial measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other entities. The non-GAAP and other financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS, such as net income (loss), cash flow from operating activities, and cash flow from investing activities, as indicators of Perpetual's performance

Non-GAAP Financial Measures:

Capital Expenditures or Capital Spending: Perpetual uses capital expenditures or capital spending related to exploration and development to measure its capital investments compared to the Company's annual capital budgeted expenditures. Perpetual's capital budget excludes acquisition and disposition activities as well as the accounting impact of any accrual changes.

The most directly comparable GAAP measure for capital expenditures or capital spending is cash flow used in investing activities. A summary of the reconciliation of cash flow used in investing activities to capital expenditures or capital spending, is set forth below:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Net cash flows used in investing activities	(6,817)	(4,060)	(23,702)	(5,492)
Acquisitions	—	—	—	625
Net proceeds on dispositions, net of cash disposed	—	4,060	—	3,858
Purchase of marketable securities	8	—	37	—
Change in non-cash working capital	(15,787)	(9,947)	(8,129)	(10,495)
Capital expenditures	(22,596)	(9,947)	(31,794)	(11,504)

Cash costs: Cash costs are comprised of royalties, production and operating, transportation, general and administrative, and cash finance expense as detailed below. Cash costs per boe is calculated by dividing cash costs by total production sold in the period. Management believes that cash costs assist management and investors in assessing Perpetual's efficiency and overall cost structure.

(\$ thousands, except per boe amounts)	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Royalties	5,574	1,620	15,514	6,134
Production and operating	4,433	3,159	12,279	9,997
Transportation	1,025	678	2,649	2,122
General and administrative	2,649	3,051	7,056	7,100
Cash finance expense	1,143	916	3,353	270
Cash costs	14,824	9,424	40,851	25,623
Cash costs per boe	27.39	21.01	23.88	18.55

Capital Management Measures

Perpetual uses net debt, adjusted working capital, and available liquidity as important indicators of capital resources, management and liquidity.

Net Debt: Net debt is calculated by deducting any borrowing under Perpetual's reserve-based credit facility (the "Credit Facility") from adjusted working capital. Adjusted working capital is current assets less accounts payable and accrued liabilities excluding short-term derivative assets and liabilities related to the Company's risk management activities, current portion of other liability, current portion of royalty obligations, current portion of lease liabilities, and current portion of decommissioning obligations. Perpetual uses net debt as an alternative measure of outstanding debt. Management considers net debt and adjusted working capital as important measures in assessing the liquidity of the Company. Net debt and net debt to adjusted funds flow ratios are used by management to assess the Company's overall debt position and borrowing capacity.

Net debt includes the carrying value of bank indebtedness, the undiscounted portion of the other liability, the principal amount of the second lien term loan (the "Term Loan"), and the principal amount of senior notes. Net debt and net debt to adjusted funds flow ratios are used by management to assess the Company's overall debt position and borrowing capacity. Net debt to adjusted funds flow ratios are calculated on a trailing twelve-month basis.

Previously, net debt was calculated using the current balance of the other liability. As of March 31, 2022, net debt has been computed using the undiscounted value of the other liability. The current determination of net debt is reflective of the measures used by Management to monitor its liquidity in light of operating and capital budgeting decisions. Net debt is not a standardized measure and therefore may not be comparable to similar measures presented by other entities.

The following table reconciles adjusted working capital and net debt as reported in the Company's statements of financial position:

	As of September 30, 2022	As of December 31, 2021
Cash and cash equivalents	—	1,090
Accounts and accrued receivable	13,793	11,671
Prepaid expenses and deposits	2,014	910
Marketable securities	2,745	2,409
Accounts payable and accrued liabilities	(36,061)	(32,223)
Adjusted working capital surplus (deficiency)	(17,509)	(16,143)
Bank indebtedness	(6,974)	(2,487)
Term loan (principal)	(2,671)	(2,671)
Other liability (undiscounted amount)	(3,342)	(1,387)
Senior notes (principal)	(35,647)	(36,583)
Net debt	(66,143)	(59,271)

Adjusted funds flow: Adjusted funds flow is calculated based on cash flows from (used in) operating activities, excluding changes in non-cash working capital and expenditures on decommissioning obligations since Perpetual believes the timing of collection, payment or incurrence of these items is variable. Expenditures on decommissioning obligations may vary from period to period depending on capital programs and the maturity of the Company's operating areas. Expenditures on decommissioning obligations are managed through the capital budgeting process which considers available adjusted funds flow and regulatory requirements. The Company has added back non-cash oil and natural gas revenue in-kind, equal to retained East Edson royalty obligation payments taken in-kind, to present the equivalent amount of cash revenue generated. The Company has also deducted payments of the gas over bitumen royalty financing from adjusted funds flow to present these payments net of gas over bitumen royalty credits received. These payments are indexed to gas over bitumen royalty credits and are recorded as a reduction to the Company's gas over bitumen royalty financing obligation in accordance with IFRS. Management uses adjusted funds flow and adjusted funds flow per boe as key measures to assess the ability of the Company to generate the funds necessary to finance capital expenditures, expenditures on decommissioning obligations, and meet its financial obligations.

Adjusted funds flow is not intended to represent net cash flows from (used in) operating activities calculated in accordance with IFRS.

The following table reconciles net cash flows from (used in) operating activities as reported in the Company's condensed interim consolidated statements of cash flows, to adjusted funds flow:

(\$ thousands, except per share and per boe amounts)	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Net cash flows from operating activities	8,749	6,655	26,592	11,192
Change in non-cash working capital	311	(5,621)	7,517	(7,604)
Decommissioning obligations settled (cash)	582	(54)	155	377
Oil and natural gas revenue in-kind	—	1,282	—	3,613
Payments of gas over bitumen royalty financing	—	(88)	—	(558)
Adjusted funds flow	9,642	2,174	34,264	7,020
Adjusted funds flow per share	0.15	0.03	0.52	0.11
Adjusted funds flow per boe	17.82	4.85	20.03	5.08

Available Liquidity: Available Liquidity is defined as Perpetual's Credit Facility Borrowing Limit, less current borrowings and letters of credit issued under the Credit Facility. Management uses available liquidity to assess the ability of the Company to finance capital expenditures and expenditures on decommissioning obligations, and to meet its financial obligations.

Non-GAAP Financial Ratios

Perpetual calculates certain non-GAAP measures per boe as the measure divided by weighted average daily production. Management believes that per boe ratios are a key industry performance measure of operational efficiency and one that provides investors with information that is also commonly presented by other crude oil and natural gas producers. Perpetual also calculates certain non-GAAP measures per share as the measure divided by outstanding common shares.

Adjusted funds flow per share: Adjusted funds flow ratios are calculated on a per share as the measure divided by the Company's shares outstanding.

Adjusted funds flow per boe: Adjusted funds flow per boe is calculated as adjusted funds flow divided by total production sold in the period.

Supplementary Financial Measures

"Average realized price" is comprised of total commodity sales from production, as determined in accordance with IFRS, divided by the Company's total sales production on a boe basis.

"Realized NGL price" is comprised of NGL commodity sales from production, as determined in accordance with IFRS, divided by the Company's NGL sales production.

"Realized oil price" is comprised of oil commodity sales from production, as determined in accordance with IFRS, divided by the Company's oil sales production.

"Realized natural gas price" is comprised of natural gas commodity sales from production, as determined in accordance with IFRS, divided by the Company's natural gas sales production.

Other per boe measures are calculated using the financial measure, as determined in accordance with IFRS, divided by the Company's total sales production.

FORWARD-LOOKING INFORMATION

Certain information in this news release including management's assessment of future plans and operations, and including the information contained under the heading "2022 Outlook" may constitute forward-looking information or statements (together "forward-looking information") under applicable securities laws. The forward-looking information includes, without limitation, statements with respect to: forecast production and exploration and development capital expenditures for 2022 and the expectation that such expenditures will be funded from adjusted funds flow; drilling activities for the remainder of 2022 including the number of gross and net wells to be drilled; cash costs estimates; projected abandonment and reclamation expenditures and the funding thereof; expectations as to drilling activity plans in various areas and the benefits to be derived from such drilling including the production growth and expectations respecting Perpetual's future exploration, development and drilling activities; and Perpetual's business plan.

Forward-looking information is based on current expectations, estimates and projections that involve a number of known and unknown risks, which could cause actual results to vary and in some instances to differ materially from those anticipated by Perpetual and described in the forward-looking information contained in this news release. In particular and without limitation of the foregoing, material factors or assumptions on which the forward-looking information in this news release is based include: forecast commodity prices and other pricing assumptions; forecast production volumes based on business and market conditions; foreign exchange and interest rates; near-term pricing and continued volatility of the market including inflationary pressures; accounting estimates and judgments; future use and development of technology and associated expected future results; the ability to obtain regulatory approvals; the successful and timely implementation of capital projects; ability to generate sufficient cash flow to meet current and future obligations; the ability of Perpetual to obtain and retain qualified staff and equipment in a timely and cost-efficient manner, as applicable; the retention of key properties; forecast inflation, supply chain access and other assumptions inherent in Perpetual's current guidance and estimates; the continuance of existing tax, royalty, and regulatory regimes; the accuracy of the estimates of reserves volumes; ability to access and implement technology necessary to efficiently and effectively

operate assets; and the ongoing and future impact of the coronavirus and the war in Ukraine and related sanctions on commodity prices and the global economy, among others.

Undue reliance should not be placed on forward-looking information, which is not a guarantee of performance and is subject to a number of risks or uncertainties, including without limitation those described herein and under "Risk Factors" in Perpetual's Annual Information Form and MD&A for the year ended December 31, 2021 and in other reports on file with Canadian securities regulatory authorities which may be accessed through the SEDAR website (www.sedar.com) and at Perpetual's website (www.perpetualenergyinc.com). Readers are cautioned that the foregoing list of risk factors is not exhaustive. Forward-looking information is based on the estimates and opinions of Perpetual's management at the time the information is released, and Perpetual disclaims any intent or obligation to update publicly any such forward-looking information, whether as a result of new information, future events or otherwise, other than as expressly required by applicable securities law.